GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:243
ANSWERED ON:30.08.2007
PRODUCTION OF CRUDE OIL
Maharia Shri Subhash;Patel Shri Kishanbhai Vestabhai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Mangalore Refinery and Petrochemicals Limited (MRPL)/ONGC have been nominated by the Government to undertake crude oil production in the Western States, particularly in Rajasthan;

(b) if so, the details thereof;

(c) whether the Government proposes to set up an Oil Refinery at Barmer in Rajasthan; and

(d) if so, the steps taken thereon and the target fixed for its commercial production?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO PART (a) to (d) IN REPLY TO LOK SABHA STARRED QUESTION No.243 TO BE ANSWERED ON 30th AUGUST, 2007 ASKED BY SHRI SUBHASH MAHARIA and SHRI KISHANBHAI V. PATEL REGARDING PRODUCTION OF CRUDE OIL.

(a) & (b): No, sir. Mangalore Refinery and Petrochemicals Limited (MRPL)/ONGC have not been nominated by the Government to undertake crude oil production in the Western States, particularly in Rajasthan. Production activities in Block RJ-ON-90/1 in Rajasthan will be carried out by the contractor company, namely, Cairn Energy India Pty. Limited. Government has nominated Mangalore Refinery & Petrochemicals Limited (MRPL), a subsidiary of Oil and Natural Gas Corporation Limited (ONGC) as its nominee to receive crude oil produced from the Block RJ-ON-90/1, as per the provisions of Production Sharing Contract.

(c) & (d): Consequent to de-licensing of refinery sector since June, 1998, a refinery may be set up anywhere in India by a Private or Public Sector Enterprise depending on the promoter's assessment of its viability. Therefore, it is not the Government but the Private/Public Sector Enterprise, which has to decide on setting up of refinery based on commercial considerations.

The proposal for setting up a refinery at Barmer in Rajasthan is under consideration of ONGC, which is a Navratna company. ONGC has carried out the following studies in this regard:

(i) Technical Feasibility Study by Engineers India Limited (EIL)
(ii) Market Study by M/s Nexant
(iii) Financial Appraisal by M/s SBI Caps
(iv) RoU Survey by M/s SECON

A decision will be taken by ONGC based on commercial consideration.

Considering that Rajasthan crude is heavy and viscous which needs to be kept heated for transportation, very short duration of peak production necessitating import of crude and its conveyance inland, limited market potential in Rajasthan necessitating export of products and other factors, ONGC has approached the Government of Rajasthan for incentives/concessions to make the refinery project financially viable.